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State of Utah

Department of
Environmental Quality

Dianne R. Nielson, Ph.D.
Executive Director

DIVISION OF WATER QUALITY
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Director

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Governor

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Lieutenant Governor

RECEIVED

MAY 08 2007

DIV. OF OIL, GAS & MINING

May 7, 2007

CERTIFIED MAIL
(Return Receipt Requested)

Mr. Bruce Hill, President & CEO
UtahAmerian Energy, Inc.
6750 North Airport Road
P.O. Box 902
Price, UT 84501

Dear Mr. Hill:

Subject: Second Payment Invoice for Salinity-Offset Program Funding Agreement for UPDES Permit Nos. UT0025674 - Centennial Mines, UT00224368 - Crandall Canyon Mine, and UT0025640 - West Ridge Mine.

Irving
2/007/0019 JK
2/007/0041
2/015/0032

Attached please find the second invoice regarding the Salinity-Offset Program Funding Agreement for the above referenced UPDES permits. As you are aware, the UtahAmercian Energy, Inc. (UEI) mine facilities, as referenced above by their respective UPDES Permits, are required to participate in and/or fund a salinity-offset program to compensate for the amount of salinity discharged from each facility which is above the one-ton/day permit limits.

With the Salinity-Offset Program Funding Agreement in place and the first payment received on February 2, 2007, the second payment from UEI is to be made in accordance with the payment schedule as outlined in paragraph 2 of the Funding Agreement. The second payment of \$175,000.00 is due on or before June 30, 2007. Therefore, please remit the full invoice amount by June 30, 2007 to:

Department of Environmental Quality
Division of Water Quality
Attn: Stacy Carroll
P.O. Box 144870
Salt Lake City, UT 84114-4870

Please be sure to include the invoice number with you remittance.

Page 2

Your continued efforts to remain in compliance with the provisions of your UPDES Permits are appreciated. If you have any questions, please contact me at (801) 538-6779, or by e-mail at jstudenka@utah.gov.

Sincerely,



Jeff Studenka, Salinity Coordinator
UPDES IES Section

Enclosures

cc : Jennifer Meints, EPA Region VIII
 Laura Lockhart, Office of The Attorney General
 Claron Bjork, SE Utah District Health Department
 Dave Ariotti, DEQ District Engineer
 Pam Grubaugh-Littig, Division of Oil Gas & Mines
 Mark Quilter, Utah Department of Agriculture and Food
 Robert King, Division of Water Resources
 Jack Barnett, Colorado River Basin Salinity Control Forum
 Dave Shaver, UEI Centennial, Crandall Canyon, and West Ridge Mines
 Mike McKown, Murray Energy Corp.